

## **FISCAL NOTE**

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 23, 1995

SUBJECT: **SB 241 - HB 392**

This bill, if enacted, will create the Department of Minority Enterprise.

The department is authorized, among other things, to:

1. Provide assistance to disadvantaged businesses by advising and counseling on all phases of procurement policies, by obtaining information concerning prime contractors in letting subcontracts and by encouraging the letting of subcontracts by prime contractors to disadvantaged businesses.
2. Receive funding from sources other than the state.
3. Make studies and conduct workshops, conferences and seminars, with owners and employees of disadvantaged businesses to enhance their understandings of business management, bidding, licensing procedures, procurement procedures and any other activities incident to their positions in business.
4. Develop training and educational programs in cooperation with institutions, associations, and other state, local and federal agencies, and coordinate the training efforts of the various organizations presently providing technical assistance to disadvantaged businesses.
5. Encourage and provide the direction and coordination necessary to secure franchises and dealerships from private firms for disadvantaged businesses.
6. Review and evaluate legislation and determine its effect upon disadvantaged businesses and make appropriate recommendations to the governor and the general assembly.

7. Employ such personnel as may be required to implement and administer this department and (a) develop sources of capital for minority entrepreneurs: (b) assist in setting up new minority banks, small business investment companies, and minority enterprise small business investment persons in the start-up or expansion of businesses, or any other financial counseling necessary to enable minority business operations to operate on a sound financial basis.

Further, this bill creates within the State Treasury a restricted account not to exceed \$1,000,000 to be known as the *disadvantaged business loan guarantee account* to ensure the availability of conventional financial resources to emerging and expanding disadvantaged businesses by guaranteeing loans for disadvantaged businesses.

The commissioner shall annually submit to the governor and the speakers of the senate and house of representatives, within 90 days after the end of the fiscal year, a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund.

All persons employed within the Department of Economic and Community Development, Office of Business Enterprise shall be transferred to, and shall become employees of, the Department of Minority Business Enterprise.

The fiscal impact from enactment of this bill is estimated to be an increase in first year recurring state expenditures of approximately \$351,500 and one-time expenditures of \$1,026,000 for a loan fund (\$1,000,000) and equipment (\$26,000).

In addition, the fiscal impact from enactment of this bill is estimated to result in a transfer of \$605,100 to the new department, which represents salaries, benefits and selected operational expenses for 10 employees from the Department of Economic and Community Development, Business Services.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director